

Regular Session, 2010

SENATE BILL NO. 58

BY SENATOR B. GAUTREAUX

RETIREMENT CREDIT. Allows members of the Louisiana State Employees' Retirement System to purchase service credit for purposes of retirement eligibility. (7/1/10)

AN ACT

To amend and reenact R.S. 11:429(B), relative to the purchase of service credit in the Louisiana State Employees' Retirement System; to provide for the purchase of service credit and the use of such credit for the purposes of attaining eligibility for retirement subject to certain limitations; to provide for an effective date; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:429(B) is hereby amended and reenacted to read as follows:

§429. Purchase of service credit

\* \* \*

B.(1) Notwithstanding any other provision of law to the contrary, any member of the system who has credit in the system for at least five years of service shall be eligible to obtain credit for up to five years of service credit in one-year increments provided that he shall apply to the system for such credit and pay to the system the greater of the amount calculated in accordance with the actuarial cost provisions of R.S. 11:158 or the employee and employer contributions plus interest

1 based on the member's current salary, which totally offsets the increase in accrued  
2 liability of the system resulting from the receipt of the credit by the member. The  
3 amount to be paid shall be paid in one lump sum, and no service credit shall be given  
4 to the member until or unless the amount is paid in full. Any credit purchased  
5 pursuant to this ~~Subsection~~ **Paragraph** shall be used for calculation of benefits only  
6 and shall not be used for purposes of attaining eligibility for retirement **except as**  
7 **otherwise authorized in this Subsection.**

8 **(2) Notwithstanding any other provision of law to the contrary, any**  
9 **member of the system who has credit in the system for at least five years of**  
10 **service and has attained the age at which the member would be eligible to retire**  
11 **but who lacks five years or less of service credit to become eligible to retire shall**  
12 **be eligible to obtain credit for purposes of attaining eligibility for retirement**  
13 **and calculation of benefits for up to five years of service credit in one-year**  
14 **increments provided that he shall apply to the system for such credit on or**  
15 **before August 31, 2010, and pay to the system by December 31, 2010, the**  
16 **greater of the amount calculated in accordance with the actuarial cost**  
17 **provisions of R.S. 11:158 or the employee and employer contributions plus**  
18 **interest based on the member's current salary, which totally offsets the increase**  
19 **in accrued liability of the system resulting from the receipt of the credit by the**  
20 **member. The amount to be paid shall be paid in one lump sum, and no service**  
21 **credit shall be given to the member until or unless the amount is paid in full.**  
22 **Any member who avails himself of this option shall file an application for**  
23 **retirement pursuant to R.S. 11:442 within thirty days of notification from the**  
24 **system that the credit purchase has been completed. If the system does not**  
25 **receive the member's application for retirement on or before January 31, 2011,**  
26 **the system shall return the member's payment and notify the member that the**  
27 **transaction has been canceled. In no case shall the member's retirement occur**  
28 **on or after February 1, 2011.**

29 **(3) Notwithstanding any other provision of law to the contrary, any**

1 member of the system who has purchased service credit under the provisions  
2 of Paragraph (1) of this Subsection and has attained the age at which the  
3 member would be eligible to retire but who lacks five years or less of service  
4 credit to become eligible to retire shall be eligible to upgrade all or a portion of  
5 his or her prior service credit purchased for calculation of benefits to credit for  
6 attaining eligibility and benefit calculation in one-year increments provided that  
7 he shall apply to the system for such credit on or before August 31, 2010, and  
8 pay to the system by December 31, 2010, the greater of the amount calculated  
9 in accordance with the actuarial cost provisions of R.S. 11:158 or the employee  
10 and employer contributions plus interest based on the member's current salary,  
11 which totally offsets the increase in accrued liability of the system resulting  
12 from the receipt of the credit by the member. The amount to be paid shall be  
13 paid in one lump sum, and no service credit shall be given to the member until  
14 or unless the amount is paid in full. Any member who avails himself of this  
15 option shall file an application for retirement pursuant to R.S. 11:442 within  
16 thirty days of notification from the system that the credit purchase has been  
17 completed. If the system does not receive the member's application for  
18 retirement on or before January 31, 2011, the system shall return the member's  
19 payment and notify the member that the transaction has been canceled. In no  
20 case shall the member's retirement occur on or after February 1, 2011.

21 \* \* \*

22 Section 2. This Act shall become effective on July 1, 2010; if vetoed by the governor  
23 and subsequently approved by the legislature, this Act shall become effective on July 1,  
24 2010, or on the day following such approval by the legislature, whichever is later.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Lauren Bailey.

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#### DIGEST

##### B. Gautreaux (SB 58)

Present law (R.S. 11:429(A)) permits any member of the Louisiana State Employees' Retirement System (LASERS) who has credit in the system for at least one year of service to purchase up to five years of service credit in one-year increments. Provides that the member shall apply to the system for such credit on or before June 30, 2005, and pay to the system by June 30, 2006, the greater of the amount calculated in accordance with the actuarial cost provisions of present law or the employee and employer contributions plus interest based on the member's current salary, which totally offsets the increase in accrued liability of the system resulting from such purchase of service credit. Provides the amount to be paid shall be paid in one lump sum, and no service credit shall be given to the member until or unless the amount is paid in full.

Proposed law retains present law.

Present law (R.S. 11:429(B)) permits any member of LASERS who has credit in the system for at least five years of service to purchase up to five years of service credit in one-year increments. Provides that the member shall apply to the system for such credit and pay to the system the greater of the amount calculated in accordance with the actuarial cost provisions of present law or the employee and employer contributions plus interest based on the member's current salary, which totally offsets the increase in accrued liability of the system resulting from such purchase of service credit. Provides the amount to be paid shall be paid in one lump sum, and no service credit shall be given to the member until or unless the amount is paid in full. Present law provides that the service credit purchased pursuant to present law shall be used for calculation of benefits only and shall not be used for purposes of attaining eligibility for retirement.

##### New Purchase of eligibility

Proposed law provides that any member of LASERS who has credit in the system for at least five years of service and has attained the age at which the member would be eligible to retire but who lacks five years or less of service credit to become eligible to retire shall be eligible to purchase up to five years of service credit in one-year increments for purposes of attaining eligibility for retirement and calculation of benefits. Provides that the member shall apply to the system for such credit on or before August 31, 2010, and pay to the system by December 31, 2010, the greater of the amount calculated in accordance with the actuarial cost provisions of present law or the employee and employer contributions plus interest based on the member's current salary, which totally offsets the increase in accrued liability of the system resulting from the receipt of the credit by the member. Further provides that the amount shall be paid in one lump sum, and no service credit shall be given to the member until or unless the amount is paid in full. Proposed law provides that any member who avails himself of this option shall file an application for retirement pursuant to present law within thirty days of notification from the system that the credit purchase has been completed. Proposed law provides that if the system does not receive the member's application for retirement on or before January 31, 2011, the system shall return the member's payment and notify the member that the transaction has been canceled. Proposed law provides that any member who avails himself of this option shall retire prior to February 1, 2011.

Upgrade of previously purchased service credit

Proposed law provides for an upgrade of service credit previously purchased for benefit calculation only pursuant to present law (R.S. 11:429(B)) to service credit applicable to both calculation of benefits and retirement eligibility for a member who would otherwise be allowed to make a first-time purchase pursuant to proposed law.

Effective July 1, 2010.

(Amends R.S. 11:429(B))